

ESTTA Tracking number: **ESTTA426011**

Filing date: **08/19/2011**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91199706
Party	Plaintiff R.J. Reynolds Tobacco Company
Correspondence Address	WILLIAM M BRYNER KILPATRICK TOWNSEND & STOCKTON LLP 1001 WEST FOURTH STREET WINSTON-SALEM, NC 27101 UNITED STATES wbryner@kilpatricktownsend.com, lamiller@kilpatricktownsend.com, jburns@kilpatricktownsend.com
Submission	Opposition/Response to Motion
Filer's Name	Laura Miller
Filer's e-mail	wbryner@kilpatricktownsend.com, lamiller@kilpatricktownsend.com, jburns@kilpatricktownsend.com
Signature	/Laura Miller/
Date	08/19/2011
Attachments	SMOKING PLEASURE Suspension Response.pdf (7 pages)(24808 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

R.J. REYNOLDS TOBACCO)	
COMPANY,)	
)	
Opposer,	)	Opposition No. 91199706
)	
vs.	)	Alleged Marks:
)	
LORILLARD LICENSING	)	• SMOKING PLEASURE
COMPANY, LLC,	)	• SMOKING PLEASURE
	)	WITHOUT MENTHOL
)	
Applicant.	)	• NON-MENTHOL PLEASURE!

OPPOSER'S RESPONSE IN OPPOSITION TO APPLICANT'S
MOTION TO SUSPEND

Opposer R.J. Reynolds Tobacco Company ("RJRT") hereby opposes the motion filed by Applicant Lorillard Licensing Company, LLC ("Lorillard") on July 22, 2011, to suspend this consolidated opposition proceeding. Lorillard seeks to suspend this proceeding because, before this opposition proceeding was commenced, Lorillard filed a complaint in the North Carolina Business Court against RJRT alleging, among other things, a purported breach of a settlement agreement between the parties concerning the word "pleasure."

As further explained below, the instant opposition proceeding should not be suspended because the North Carolina court will not decide the two narrow issues facing the Board in this case. Those two issues are: (1) whether RJRT has standing to oppose Lorillard's applications to register as trademarks the composite phrases "smoking pleasure," "smoking pleasure without menthol," and "non-menthol pleasure"; and (2) whether those composite phrases, in their entirety, are merely descriptive of cigarettes. Those two issues will remain for the Board's determination regardless of any adjudication of the civil action in

the North Carolina court. Because suspending the opposition proceeding will not promote judicial economy or avoid duplication of effort, a suspension is neither necessary nor appropriate.

I. ARGUMENT

A. Suspension is Discretionary, not Mandatory.

Section 2.117(a) of 37 C.F.R. provides in pertinent part:

(a) Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case, proceedings before the Board *may be* suspended until termination of the civil action or the other Board proceeding.

37 C.F.R. § 2.117(a) (emphasis added).

The permissive language of this Rule (“proceedings ... may be suspended...”) makes clear that suspension is not the mandatory result in all cases in which a suspension is requested. Indeed, it is clearly within the Board’s discretion to allow an *inter partes* proceeding to go forward even if a civil action may have a bearing on the *inter partes* proceeding. Thus, if the issues before the Board will not be resolved by the civil action, as is the case here, the Board should exercise its discretion and allow the *inter partes* proceeding to move forward without suspension.

B. The North Carolina Court’s Decision Will Not Impact RJRT’s Standing in this Opposition.

Lorillard argues erroneously that the North Carolina court’s decision as to whether *other* phrases used by RJRT violate the June 15, 2009 Settlement Agreement will somehow affect RJRT’s standing to bring this opposition proceeding. Applicant’s Brief in Support of Applicant’s Motion for Suspension of Opposition (“Applicant’s Brief” or “App. Br.”) at 5. That conclusion ignores the relatively low legal threshold for establishing standing in *inter*

partes proceedings before the Board, as well as certain undisputed facts that have given rise to RJRT's standing and that will not be altered by the North Carolina court's decision.

To have standing to oppose Lorillard's applications, RJRT need only to plead and prove facts showing that it has "a real interest in the proceedings" and "a reasonable basis" for its belief that it will be damaged by the registration of these composite phrases. *See Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). This standard is a relatively easy requirement to satisfy, and there is no genuine issue that it has already been met in this case.

With regard to the facts, Lorillard admits that RJRT is a competitor of Lorillard's. Answer to Not. of Opp. at ¶ 2. Lorillard also acknowledges that RJRT may use composite phrases containing the word "pleasure" to promote its products. For instance, as referenced in Applicant's Brief at pages 3 and 5, the Settlement Agreement permits RJRT to use composite phrases containing the word "pleasure" so long as those phrases do not create "a commercial impression in the term PLEASURE separate and apart from such composite phrase[s]." Further, Lorillard has acknowledged that RJRT has a right to use the opposed phrases "in an non-trademark manner." Answer to Not. of Opp. at ¶¶ 10, 15, 20.

As pleaded in the Consolidated Notice of Opposition and as will be proven at trial, RJRT – as a competitor of Lorillard's and manufacturer of cigarettes and related tobacco products – has a real interest in preserving its ability to use these descriptive composite phrases, and others permitted by the Settlement Agreement, to describe and promote its own products, without legal interference by Lorillard. Moreover, RJRT reasonably believes that it will be damaged if Lorillard is granted registrations for these descriptive composite phrases because such registrations will give color of exclusive statutory rights to Lorillard in derogation of RJRT's rights to use these descriptive composite phrases in commerce.

Thus, even assuming *arguendo* that the North Carolina court concludes that the composite phrases complained of in the civil action – none of which are the composite phrases are at issue here – somehow violate the Settlement Agreement, the North Carolina court *will not* have determined that RJRT and Lorillard are not competitors and that RJRT can no longer use the word “pleasure” in composite phrases. Quite simply, the outcome of the North Carolina civil action will not affect RJRT’s standing in this opposition proceeding.

The case cited by Lorillard in this regard, *Argo & Co. v. Carpetsheen Mfg.*, 187 U.S.P.Q. 366 (T.T.A.B. 1975), is inapposite. In *Argo*, the applicant moved to suspend an opposition while a civil action determined whether the applicant was the proper owner of the mark, and therefore the proper owner of the opposed application. In that instance, if the civil action had determined that the applicant were not the proper owner of the mark, the application would be void *ab initio* and the opposition would have been sustained. Standing to oppose was not at issue in *Argo*, and the North Carolina civil action will not produce a similarly dispositive conclusion here.

C. This Opposition Concerns Different Composite Phrases Than the Civil Action.

The second issue before the Board in this opposition is whether the composite phrases “smoking pleasure,” “smoking pleasure without menthol,” and “non-menthol pleasure” are merely descriptive of cigarettes, as RJRT has alleged. A simple review of the pleadings in the North Carolina action, which Lorillard attached to Applicant’s Brief, confirms that these three phrases have not been pleaded, have not been raised, and have not been placed at issue before the North Carolina court.

Unlike the Board, the North Carolina court will not determine, and will not have to determine, whether those three composite phrases are merely descriptive of cigarettes. The Board will need to make this determination, in some fashion, regardless of the outcome of the North Carolina civil action.

Importantly, and contrary to what is stated on page 2 of Applicant's Brief, the Consolidated Notice of Opposition did not allege that the word "pleasure" *per se* is "descriptive when used in the composite phrases in dispute." Rather, RJRT has alleged that the composite phrases "smoking pleasure," "smoking pleasure without menthol," and "non-menthol pleasure" are merely descriptive of cigarettes. Cons. Not. of Opp. ¶¶ 9, 14, and 19. Moreover, it is the Board's analysis of these phrases *in their entirety* that will determine the outcome of this opposition proceeding. *See, e.g., In re Richardson Inc Co.*, 511 F.2d 559, 185 U.S.P.Q. 46, 47 (C.C.P.A. 1975) (in determining whether an applied-for mark is merely descriptive, a composite mark must be considered in its entirety).

Lorillard's reliance on *Prof. Economics Inc. v. Prof. Economic Services, Inc.*, 205 U.S.P.Q. 368 (T.T.A.B. 1979), is misplaced. In that case, the Board did not suspend that cancellation proceeding pending the outcome of a civil action. Instead, the Board merely found that a state court's conclusion regarding the issue likelihood of confusion, which had been issued before the filing of the cancellation proceeding, was persuasive with regard to the issues before the Board.

II. CONCLUSION

For the foregoing reasons, RJRT submits that judicial economy will not be served by suspending this opposition proceeding, and respectfully requests that the Board exercise its discretion to go forward with this proceeding and deny Lorillard's Motion to Suspend.

/s/ William M. Bryner

William M. Bryner

Laura C. Miller

KILPATRICK TOWNSEND & STOCKTON LLP

1001 West Fourth Street

Winston-Salem, NC 27101

Telephone: (336) 607-7300

Facsimile: (336) 607-7500

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

R.J. REYNOLDS TOBACCO)	
COMPANY,)	
)	
Opposer,	)	Opposition No. 91199706
)	
vs.	)	Alleged Marks:
)	
LORILLARD LICENSING	)	• SMOKING PLEASURE
COMPANY, LLC,	)	• SMOKING PLEASURE
	)	WITHOUT MENTHOL
)	
Applicant.	)	• NON-MENTHOL PLEASURE!

CERTIFICATE OF SERVICE

I hereby certify that on this day a true and correct copy of the foregoing **OPPOSER'S RESPONSE IN OPPOSITION TO APPLICANT'S MOTION TO SUSPEND** has been served, via e-mail pursuant to the parties' agreement, on the following attorney-of-record for Applicant Lorillard Licensing Company LLC:

James L. Lester, Esq.
jlester@maccordmason.com
MACCORD MASON PLLC
P.O. Box 2974
Greensboro, NC 27402-2974

This the 19th day of August, 2011.

/s/ Laura Miller
Laura C. Miller
KILPATRICK TOWNSEND & STOCKTON
LLP
1001 West Fourth Street
Winston-Salem, NC 27101
Telephone: (336) 607-7300
Facsimile: (336) 607-7500